

Chapter One -- Ready To Rent?

Decisions, Decisions, Decisions! The big decision to move has within it many small choices. Wise choices add up to a rewarding experience and a "good rent history," which is so important when the time comes to buy a house. Unwise decisions can lead to financial distress, court action and poor references--which seriously limit housing choices in the future. If you are thinking about renting, this chapter will help you think about it **realistically**. Rent-wise people will think about these things **before** they go shopping for an apartment:

- HOW MUCH CAN YOU AFFORD?
- WHAT TYPE OF RENTAL DO YOU NEED?
- CAN YOU QUALIFY?
- WHAT ABOUT ROOMMATES?
- WHAT NEIGHBORHOOD SUITS YOU?
- HOW DO YOU FIND A RENTAL?
- WHAT ABOUT DISCRIMINATION?

AFFORDABILITY: Many people, especially young first-time renters, get into financial trouble when they don't plan for expenses. The following are **up-front cash requirements** for first-time renters:

Damage deposit: \$150 and up. Landlords often ask for a refundable deposit equal to a month's rent.

Rent for first month: (See the Housing Types chart for approximate costs.) The entire amount is due when you sign the lease and move in. Your rent should equal about one week's pay (before taxes), or about one-quarter of your gross monthly income. Many landlords use this formula when deciding if you can comfortably afford a unit.

Utility deposits: If you've rented before, deposits will transfer to your new address with just a phone call to the utility. First-time renters will need cash on hand to start service.

- Electricity:** \$50, 2 pieces of ID, 24 hours notice.
- Water:** \$15 turn-on fee. No deposit unless renter has been cut-off more than once or owes the company. A \$25 deposit is required along with payment of/on old bill.
- Gas:** Some rentals require natural gas for appliances and heat. No deposit is needed if credit is good. In cases of poor credit, an amount equal to the 2 highest bills at that address last year is demanded. This can run from \$50 to \$500. For best service, give a week's notice.
- Phone:** No deposit if credit is good; people with no credit or poor credit pay \$75 which is returned after a year of timely payments.

Phone numbers of utility companies are listed in the back.

Budget experts say that rent plus monthly utilities should take no more than one-third of your gross monthly income. Unfortunately, lower-income families frequently must spend 50% of income for housing costs. If you have unpaid bills from another address, the utility companies will work with you to make special arrangements to continue service, but don't abuse the privilege! If utilities are cut off for more than a few days, you may get evicted. Those trying to get service under a phony name can be prosecuted for fraud.

WHAT CAN YOU AFFORD? (example)

Gross monthly income	\$2000
Divide by 4 for monthly rent	500
Divide by 3 for rent + utilities	675

This budget will be comfortable and leave a little money to have fun with

MOVE-IN COSTS (example)

Deposit	200
1st month rent	400
Utility deposits	90
Truck Rental	40
Drapes, rug	<u>175</u>
Total	\$905

CHOOSE A PLACE THAT FITS YOUR LIFESTYLE

The following two pages offer a comparison of housing types that is based on general practices; there are always exceptions.

Costs, qualifications, and landlord adherence to codes and laws will vary depending on the condition of the building, the neighborhood, and the professionalism of the landlord. As you know, **you usually get what you pay for.**

If you rent an apartment, duplex, or house from a property management company--rather than from the owner--expect tougher qualifying standards and more strict enforcement of the lease.

	Apartment Complex	Private Apt. or Duplex	House	Mobile Home
Cost	\$450-600 for 2 BR	\$300-500 for 2 BR	\$400-800	Unit \$350, lot \$150-215
Qualifications	Good credit and rental history; steady employment. Must earn approx. 4 times rent per month. Everything will be checked out.	Depends on condition and location. Job will be verified. Will be a credit check for eviction or bankruptcy.	May depend on price and whether you rent from a property manager or the owner.	Depends on age of park. Usually not strict. Probably won't check credit if the unit is older.
Maintenance	Ship-shape when you move in. Repairman on site and timely. Everything kept in working order by management (but if you broke it, you pay). Regular pest control.	You rent "as is." Tenant may have to clean it up, fix smaller problems, and stay out of landlord's hair. The fewer complaints, the fewer rent raises. Landlord may not know legal responsibilities.	Varies according to age of house. Tenant must keep up yard and keep eye on furnace, plumbing, etc. Disputes can arise when there's a systems failure and landlord may not have the money to repair.	Often poor. Unit may have dangerous defects. Cheap construction means more breakage. Parks (or any rental units) outside city limits aren't regulated by housing inspectors.
Advantages	Ease of communication with on-site professional manager. Amenities such as central heat/air, dishwasher, storage room, laundry, pool. More accessibility for disabled. Fair housing policies. More security, drug-free policies, rules enforced. Fair damage deposit return.	More privacy, less pressure from neighbors, ground floor (garden, play yard). Unit may have "character" and unique features. Fewer rules and less landlord interference. More flexibility in lease. Evictions may not be as rapid.	Can live "normally" as part of the neighborhood. Privacy, space, storage, yard, garage. Freedom for kids. May not be limit on number of children or pets. Good long-term choice.	Can live in country setting for little cost. May not need to make long-term commitment. Might trade skills for rent.

Disadvantages	Complicated lease strictly enforced and expensive to terminate. Little toleration of late rent, unauthorized guests, unsupervised children, and noise. Standardization and conformity. Pet fees.	Landlord may be unpredictable or hard to reach. May not offer lease. May not know the law; may be slower to make repairs or refuse to repair; may attempt to throw tenant out without proper notice.	Older houses hard to clean and may be expensive to heat and cool. Tenant may be responsible for routine maintenance. Pressure from neighbors to upkeep. May be security risks. Landlord may be difficult to contact. House may be sold mid-term.	May encounter discrimination or other legal infractions. Units difficult for disabled. Landlord may be difficult and unpredictable. May be many rules that change often. Sometimes must buy utilities, skirting, etc., from landlord.
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WHAT ABOUT ROOMMATES?

It makes sense to share expenses with a friend, but it's not easy to find one whom you can count on for 12 continuous months. Potential roommates should frankly discuss:

Rental Histories	TV, Music, Phone	Parties/company
Financial Status	Housekeeping Habits	A.C. & Heat Levels
Job Stability	Overnight Guests	Security Needs
Drinking/Smoking	Privacy Needs	Food/Fridge
Pet Care	Grades & Study Habits	

Housekeeping and eating habits should be discussed in detail because differences cause such discomfort. Talk about cooking smells, cleaning the 'fridge, dirty dishes, the cat box, allergies, whether you like windows open, scrubbing the tub, garbage, and of course, pets. You may even want to put agreements in writing.

Students err when they select roommates based on personality or popularity rather than STABILITY AND RELIABILITY. Signing a binding legal contract with someone is serious business. Roommates who don't deliver their share of the rent on time will drive you nuts, and if one flunks out and flees for home, the remaining "lessee" is responsible for all rent, unless he/she can successfully sue the deserter. **(Also see *Living Together in Chapter Three.*)**

CAN YOU QUALIFY?

Requirements usually are: be 21 or over; have cash for deposit and first month; be employed and earn a minimum of \$800 per month; have decent credit; have landlord references and no past evictions. (Also see "What Landlord Can Legally Require" in the Discrimination section.) **The landlord seeks people who are emotionally mature and dependable, and who are apt to fulfill the three most important obligations of a tenant: to pay rent on time, every time; to take care of the unit and yard; and to have peaceful relationships with neighbors.**

HUNTING DOWN A PLACE TO LIVE IN A COMPETITIVE MARKET

Remember the good ol' days in Chattanooga when finding a neat place was fairly easy? Looking for a decent affordable rental in the late 90's has become a frustrating and time-consuming affair, especially since so many landlords are rejecting people with poor credit or poor landlord references. **Rental rates have been rising rapidly, and competition for rentals in the middle price range is fierce.** In order to bag a good one, you must go house-hunting just like you were looking for a job!

Dress well, speak clearly, know what the landlord wants, know what you want, get your info together, and sell yourself!

Tenant Tip:

You may be competing with 12 other people for the same place, so make a good impression with the very first phone call--even if it's to a machine. Put your "positives" in the first sentence: "I've been on my job 3 years . . . I make \$2500 a month. . . my children are on the honor roll . . . I will get a good reference from my landlord . . . I was at my last address 4 years . . . we do not drink or smoke" . . . whatever. Your second sentence should clearly describe what you want ". . . a 2 bedroom in the \$4-500 range in the Brainerd area by July." Boom. Third sentence . . . slowly give your number and the best time to reach you. SPEAK CLEARLY IN A LIVELY WIDE-AWAKE VOICE!

WHERE TO LOOK:

- Ask current landlord about her other units
- Ask friends and coworkers
- Check Sunday classified ads on Saturday night
- Call Housing Info Line
- Check under Real Estate Management in the yellow pages
- Call apartment complexes listed in yellow pages
- Pick up copy of Apartment Guides
- Ask residents in neighborhoods you like
- Drive around and look for signs

WHY TO LOOK AROUND:

People get stuck in particular neighborhoods out of habit. Be open to change. Expand your search. Driving around gives you perspective on rental rates. Don't automatically eliminate certain neighborhoods. If you take time to really look, you'll probably be happier with your choice and stay longer. If you love the place but get bad vibes from the landlord, keep looking.

QUESTIONS TO ASK ON PHONE:

***Amount of rent and deposit?
of bedrooms and baths?
General condition of unit?
Kind of heat and winter bill?
Neighborhood, school, bus line?
Length of lease?
Credit requirements?
Application fee?
Pets? Garage? Lawn care?
Storage space? Laundry?
When available? When see it?***

LANDLORD MAY ASK ON PHONE:

***Income? (Give gross monthly
income of house-hold, not
hourly wage!)
Where do you work & how
long?
Will your credit check out?
Bankruptcy or eviction?
Where do you live and for
how long? Who is your
landlord? Will she give you a
reference? Married? How
many kids? How old? What
about child care?***

PREPARE TO "SELL YOURSELF"

APPLICATION AND CREDIT CHECK

The landlord may conduct an intense interview. Questions may be quick and personal. She's trying to determine whether you're hiding anything and whether you "fit the profile" of a sober, reliable renter. You'll improve your chances if you:

- LOOK GOOD! Dress like you were looking for a job
- Leave the kids at home
- Wash the car
- Be on time
- Have all dates & former addresses at hand
- Have landlord and employer phone numbers
- Carry cash for application fee
- Turn in a tidy, complete, and **truthful** application
- **Take time to negotiate for what you want**
- **Take time to inspect the unit . . . carefully**
- **Take time to read the lease . . . carefully**

Your credit report will be checked by almost all landlords, but standards will vary widely, depending on the price of the unit. Some landlords may turn you down for recent "slow pays," while others just check for bankruptcy or an eviction judgment.

Refusal because of a bankruptcy or "no credit": People are shocked when the Big B comes back to haunt them in so many ways. Those who have filed in the last several years will not be able to rent in most complexes, despite a good job and income. Now that credit checks are common, the tenant should prepare ways to overcome the landlord's doubts. Some will listen if you present proof that the financial failure was due to overwhelming medical bills. For either a bankruptcy or too little credit, you might offer 3 month's rent in advance or a credit-worthy co-signer (**but ask that this person's liability be removed after a year of timely payments, and get this in writing**).

If an applicant is rejected based on a poor credit report, the apartment manager must notify the applicant of the name of the credit agency and of his/her right to obtain a free copy of the report (amendment to Fair Credit Reporting Act, October 1997).

Children: Many landlords prefer not to rent to families with children because of damage and noise. However, they cannot refuse to rent to you *because* you have children (see Discrimination section). If your kids are good students and well-disciplined, assure the landlord that they are carefully supervised. It may improve your chances of getting the rental.

DEPOSIT/FEE TO "HOLD" AN APARTMENT

Occasionally a tenant may want to hold a unit for a few days while comparison shopping. You can ask the landlord to stop advertising and showing the place, and pay earnest money to guarantee that your option to rent remains open while you decide. If and when you sign the lease, this deposit is applied to the first month's rent. **If however, you decide to rent elsewhere, this deposit becomes a fee, and is not returned.**

Tenant tip:

Any deposit money given to a landlord--no matter what it may be called--will belong to the landlord if the tenant decides not to rent..

RENT-TO-OWN DEALS

Sometimes advertised as Lease/Purchase Agreements, these come-ons appeal to naive tenants who believe there's an easy way to buy a house even if their credit is bad! Many times these offers are scams bordering on fraud. The tenant pays higher rent for the option to buy the place a year or two later if he comes up with a whopping down payment. The owner knows the tenant won't be able to save the \$5000 or more needed to exercise the option. He may have worked the same deal--**with the same house**--over and over again. This scam is prevalent in lower-income neighborhoods, and renters with credit problems are typical victims.

Tenant Tip:

If you are thinking about a rent-to-own contract, see a real estate attorney before you sign anything. The Housing Info Line or the Lawyer's Referral Service is a good place to start. If you presently have a lease-purchase contract, talk to the Division of Consumer Affairs in Nashville. The Consumer Protection Act covers this type of scam: it says "a significant number of consumers have not been made aware of total costs, ownership transfer terms, or other important disclosures."

Normally a landlord will not offer owner-financing to a tenant unless they know and like each other well. The landlord who beguiles a stranger into such a contract does so with greedy intent.

WAITING LISTS

If your heart is set on one location and no units are available, discuss time-frames and determine exactly how many applicants are in front of you. You may decide to pay the application fee, have the landlord check out your references, and if approved, be placed on the waiting list. Be sure she can reach you anytime a unit becomes available. If the landlord repeatedly refuses to return your calls, or if you see vacancy ads for the same place, refer to the Discrimination section of this book.

Good Neighbors Come In All Colors

DISCRIMINATION: WHAT IT IS . . . AND ISN'T!

The word "discrimination" is commonly misunderstood. Under the federal Fair Housing Act, a landlord can be said to be "discriminat-ing" **only when he/she treats people differently or unfairly because of their race, sex, mental or physical disability, religion, nationality, or because there are children in the family (or pregnancy)**. These are considered the "protected classes" under the law.

Some tenants feel "discriminated against" when the landlord won't allow smokers, unmarried couples, people under age 21, or when he refuses to rent because of sexual preference or bankruptcy. None of these categories are protected by the Fair Housing Act, and the landlord may therefore set his own policy as long as he applies it equally to every applicant.

Landlords are not discriminating when they require that you meet the following standards, as long as the standards are applied to everyone, and are not used to screen out people in the protected classes.

YOUR LANDLORD CAN LEGALLY EXPECT YOU TO:

- Be employed and earn a certain amount (usually 3 or 4 times the rent per month).
- Have good references from past landlords regarding rent payment and damage.
- Have a good credit report showing no bankruptcies or evictions.
- House no more than 2 people per bedroom.
- Be 21 or older, or have a credit-worthy co-signer.
- Not have a criminal record or a history of threatening the safety or health of others.

LANDLORDS MAY BE DISCRIMINATING IF THEY:

- Advertise with wording that puts limits on any protected classes.
- Use different acceptance standards based on race, sex, nationality, handicap, religion, children in the family, or because a couple is bi-racial.
- Refuse to talk or deal with an applicant after advertising a vacancy.
- Deny that a unit is available for rent when it really is.
- Provide fewer services to one of the protected classes, or impose more restrictive rules, or less favorable rental terms or conditions.
- Use delaying tactics, burdensome procedures or manipulate waiting lists to unfairly affect opportunity.
- Steer home-seekers to or from certain rentals because of children, race, handicap, or other protected category.

- Refuse to let a disabled tenant make reasonable modifications to the unit (at tenant's expense) when those changes are necessary for full enjoyment of the premises.
- Refuse to make reasonable accommodations in rules and policies which could afford a disabled person equal opportunity to use and enjoy the dwelling.
- Harass a tenant in a gender-defined context; or commit acts intended to "coerce or intimidate" one of the protected classes (including women); or "create on-going interference" with a tenant's peaceful enjoyment of the premises.
- Refuse to rent based on the number or ages of children (although the landlord may restrict family size to 2 per bedroom).

EXCEPTIONS

Landlords are exempted from provisions in the Fair Housing Act in the following situations: when the landlord owns and manages not more than three single-family houses; when the dwelling has not more than four independent units and the owner lives on the premises; when rental units are operated by religious organizations or by private clubs such as sororities; when the building is designed specifically for elderly persons.

WHAT RENTERS CAN DO:

If you feel that a landlord broke one of the provisions of the Fair Housing Act you may want to file a discrimination complaint and have it investigated. If the landlord can easily show that you failed to meet qualifying standards, you'll be wasting your time; however, if his "pattern and practices" are truly discriminatory, things probably won't change without pressure from you and the courts.

- Keep documentation including dated ads, copies of applications and correspondence, a diary of calls and conversations (especially with regard to reason for refusal).
- Get witnesses to conversations, vacancy signs, missed appointments, etc.
- Have a friend inquire about the apartment to see if it's still available. "Testing" is legal, even though the tester must often assume another identity and pretend to be house-hunting.
- File a complaint with the U.S. Department of Housing and Urban Development (within a year) or the Tennessee Human Rights Commission (within 180 days), or consult a private civil rights attorney. Actual and punitive damages may be awarded. The sooner you file, the easier it will be to track the facts of the case.